



# COMMISSION ON INSURANCE

## COUNTY OF LOS ANGELES

Scott J. Svonkin  
**Chairperson**

Daniel Falcon  
**Vice-Chairperson**

Barry R. Binder  
Michael G. Cheung  
Stephen Fluharty  
Rickey Ivie  
Don Lee  
Curren D. Price, Jr.  
Rose Reets  
Patricia Torres

### MINUTES

Meeting of December 13, 2001  
830 Kenneth Hahn Hall of Administration

**Commissioners Present:** Barry Binder, Michael Cheung, Daniel Falcon, Rickey Ivie, Jr., Don Lee, Rose Reets, and Scott Svonkin

**Commissioners Absent:** Stephen Fluharty, Curren D. Price, and Patricia Torres

Chairperson Svonkin noted the presence of a quorum and called the meeting to order at 10:24 a.m.

### APPROVAL OF MINUTES OF NOVEMBER 1, 2001

On motion of Commissioner Reets, seconded by Commissioner Binder, the minutes of November 1, 2001 were unanimously approved.

### "CALIFORNIA'S UNINSURED PROBLEM: IS IT GETTING BETTER?"

Dr. Tom Rice, Chair of the Department of Health Services at UCLA School of Public Health, discussed the issues facing California with regard to individuals without healthcare insurance. Dr. Rice provided the Commissioners with material from a March 2001 report published by the Wellness Foundation, utilizing the most recently obtained data collected in 1999. He raised the following points:

- The number of uninsured Californians fell to 6.8 million people compared to the high of 7.3 million people in 1998. He noted, however, that there was a marked increase in the number of uninsured during 2001.
- Job-based coverage grew rapidly from 1998 to 1999 during which time Medi-Cal usage declined. However, uninsured rates for minorities did not improve between 1994 and 1999. Additionally, it is believed that many minorities did not utilize Medi-Cal because they were concerned that they would jeopardize their resident status if they applied for Medi-Cal.
- Medi-Cal & Healthy Families coverage is improving for children in non-citizen families. The rate of uninsured fell from a high of 40% in 1994 to a low of 24% in 1999 for non-citizen children and for citizen children the rates fell from a high of 42% in 1994 to low of 38% in 1999.
- There are 5 million uninsured adults and 1.8 million uninsured children in California. Eighty-five percent are in working families and fifteen percent are in non-working families.

- The uninsured usually have low or moderate incomes. They either work for employers that do not provide insurance or they prefer not to insure their families due to the high cost to them if their employer provides minimal coverage. Also, 67% of the uninsured have family incomes below 250% of the federal poverty level.
- Job-based insurance coverage of non-elderly adults (those individuals between ages 19 and 64) nationally rose significantly from 68.5% in 1998 to 69.4% in 1999. California is below the national average of employees receiving coverage through their jobs. In 1999, the percentage was 62.8% up 2.6% from 1998.
- Job-based insurance increased for nearly all demographic and employment groups. However, California still has a higher percentage of the population that normally does not secure insurance compared with other states. The reasons for this may include the following:
  - One in five California employees work for an employer that does not offer insurance.
  - Among those California employers that offer insurance, a smaller proportion in most demographic and employment groups are eligible.
  - However, California workers in all groups accept job-based coverage at the same or higher rates than nationally, 87.2% acceptance rate vs. 85.0% acceptance in nationwide, where provided.
- It is believed that California has lower job-based insurance rate because fewer employers offer coverage. Latinos are the most likely minority to work for employers that do not offer coverage.
  - There are 2.3 million workers employed by firms that do not offer coverage.
  - Employers would rather pay higher wages and not provide coverage even though the rates are lower due to competition among HMOs.
- Nearly 2 million uninsured children and adults are eligible for Medi-Cal or Healthy Families. Some improvements have been made in these programs. In fact, California is planning to expand Healthy Families to over 1.2 million uninsured parents. However, the goal is still universal coverage within the State.
- How can we expand coverage to the 6.8 million uninsured California residents?
  - Do away with assets testing in Medi-Cal.
  - Expand Medi-Cal and Healthy Families programs to uninsured adults.
  - Offer tax credits to the employers or subsidies to the employees.
- It is expected that with the increase in insurance premiums, the uninsured percentage in California will increase between 22-29% of the population within the next ten years. Last year alone insurance premiums increased nationally by 11%.
- Last year in California the average cost for single coverage was \$2,300.00 and \$6,000.00 for family coverage.
- Prescription drug costs are a primary reason for the increase in premiums. More people are obtaining prescriptions.

Chairperson Svonkin and Commissioners thanked Dr. Rice for his informative presentation.

**CHAIRPERSON'S REPORT**

Chairperson Svonkin discussed the fact that the Board unanimously passed the multimedia campaign motion that was placed on the November 20, 2001 Board of Supervisors agenda. Additionally, a press release was sent out on November 26, 2001 with quotes from Supervisor Antonovich and a second press release went out on December 12, 2001 with quotes from Supervisor Yaroslavsky. Staff has utilized the budget given to the Commission for this project, as a result of the motion, to ensure that ethnic groups are given the opportunity to see the advertisement the Commission agreed upon advising them of their rights.

The Chairperson then thanked new and existing members for their participation. He continued by stating that as a result, the Commission has been able to accomplish more to benefit the County. One goal for next year is to look at resources to see what can be done is to provide insurance coverage for uninsured Los Angeles County residents.

**MATTERS NOT ON POSTED AGENDA (To be placed on the agenda for discussion at a future meeting)**

Chairperson Svonkin asked staff to establish if the Chief Administrative Office had an update regarding its claims against the insurance companies for damages to County property resulting from the Northridge earthquake.

Chairperson Svonkin would like to review the impact that terrorism is having or will have on the insurance industry. Commissioner Lee stated that there is talk in the industry of insurance rates rising as a result of the September 11, 2001 (among other events in the industry) terrorist attack and that there is talk of a cap being placed on terrorist activities.

Finally, Chairperson Svonkin discussed the possibility of reviewing the situation of "Redlining" in healthcare. He referred to an article appeared in the L.A. Times regarding Health Maintenance Organizations (HMOs) redlining certain areas and asked staff to provide Commissioners with copies of the file for the next meeting.

**PUBLIC COMMENTS**

None.

**ADJOURNMENT**

The meeting was adjourned at 11:22 a.m.

**ATTENDANCE**

**Staff**

Betty Gobst	Executive Office, Board of Supervisors
Jim Corbett	Executive Office, Board of Supervisors
Martha Littlefield	Executive Office, Board of Supervisors
Ken Wales	Executive Office, Board of Supervisors

**Guests**

Dr. Tom Rice, Chair of the Department of Health Services, University of California Los Angeles  
School of Public Health